



Billing Code: 3510-DS-P

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

[A-580-867]

Large Power Transformers from the Republic of Korea: Final Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) has determined that imports of large power transformers from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are listed in the “Continuation of Suspension of Liquidation” section of this notice.

EFFECTIVE DATE: [Insert date of publication in the *Federal Register*.]

FOR FURTHER INFORMATION CONTACT: David Cordell and Brian Davis, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0408 or (202) 482-7924, respectively.

SUPPLEMENTARY INFORMATION

Background

On February 16, 2012, the Department published in the *Federal Register* its preliminary determination in the antidumping duty investigation of large power

transformers from Korea. *See Large Power Transformers From the Republic of Korea: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 77 FR 9204 (February 16, 2012) (*Preliminary Determination*).

As provided in section 782(i) of the Act, we conducted sales and cost verifications of the questionnaire responses submitted by the mandatory respondents, Hyundai Heavy Industries Co., Ltd. (Hyundai) and Hyosung Corporation (Hyosung). We used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by both companies.<sup>1</sup>

We received case briefs from ABB Inc., Delta Star, Inc., and Pennsylvania Transformer Technology Inc. (collectively, Petitioners), Hyundai, and Hyosung on May 25, 2012. These parties submitted rebuttal comments on June 1, 2012. No hearing was requested.

On June 4, 2012 and June 6, 2012, the Department solicited revised sales and cost databases from Hyosung and Hyundai, respectively, to address minor corrections and findings from verification. Accordingly, Hyundai and Hyosung submitted revised sales

---

<sup>1</sup> See Memoranda to the File entitled “Home Market Verification of the Sales Response of Hyosung Corporation in the Antidumping Duty Investigation of Large Power Transformers from the Republic of Korea,” dated May 4, 2012; “Home Market Verification of the Sales Response of Hyundai Heavy Industries Co., Ltd. (“HHI”) and Hyundai Corporation, U.S.A. (collectively Hyundai) in the Antidumping Duty Investigation of Large Power Transformers from the Republic of Korea,” dated May 10, 2012; “Constructed Export Price Verification of the Sales Response of Hyosung Corporation in the Antidumping Duty Investigation of Large Power Transformers from the Republic of Korea,” dated May 15, 2012; “Constructed Export Price Verification of the Sales Response of Hyundai Heavy Industries (HHI) and Hyundai Corporation, U.S.A. (collectively Hyundai) in the Antidumping Duty Investigation of Large Power Transformers from the Republic of Korea,” dated May 16, 2012; “Verification of the Cost Response of Hyosung Corporation in the Antidumping Investigation of Large Power Transformers from South Korea,” dated May 4, 2012; and; “Verification of the Cost of Production and Constructed Value Data Submitted by Hyundai Heavy Industries Co., Ltd. in the Antidumping Duty Investigation of Large Power Transformers from the Republic of Korea,” date May 2, 2012.

and cost databases on June 12, 2012. We met with counsel for Petitioners, Hyundai, and Hyosung on June 13, June 18, and June 19, 2012, respectively.<sup>2</sup>

#### Period of Investigation

The period of investigation is July 1, 2010, through June 30, 2011.

#### Scope of Investigation

The scope of this investigation covers large liquid dielectric power transformers (LPTs) having a top power handling capacity greater than or equal to 60,000 kilovolt amperes (60 megavolt amperes), whether assembled or unassembled, complete or incomplete.

Incomplete LPTs are subassemblies consisting of the active part and any other parts attached to, imported with or invoiced with the active parts of LPTs. The “active part” of the transformer consists of one or more of the following when attached to or otherwise assembled with one another: the steel core or shell, the windings, electrical insulation between the windings, the mechanical frame for an LPT.

The product definition encompasses all such LPTs regardless of name designation, including but not limited to step-up transformers, step-down transformers, autotransformers, interconnection transformers, voltage regulator transformers, rectifier transformers, and power rectifier transformers.

The LPTs subject to this investigation are currently classifiable under subheadings 8504.23.0040, 8504.23.0080 and 8504.90.9540 of the Harmonized Tariff Schedule of the

---

<sup>2</sup> See Memoranda to the File entitled, “Antidumping Duty Investigation concerning Large Power Transformers from the Republic of Korea: Department Meeting with Petitioners’ Counsel,” dated June 15, 2012, “Antidumping Duty Investigation concerning Large Power Transformers from the Republic of Korea: Department Meeting with Respondent’s Counsel (Hyundai),” dated June 20, 2012, and “Antidumping Duty Investigation concerning Large Power Transformers from the Republic of Korea: Department Meeting with Respondent’s Counsel (Hyosung Corporation),” dated June 19, 2012.

United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this antidumping investigation are addressed in the Issues and Decision Memorandum from Gary Taverman, Senior Advisor for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Import Administration (Issues and Decision Memorandum), which is dated concurrently with and hereby adopted by this notice. A list of the issues raised is attached to this notice as Appendix I. The Issues and Decision Memorandum is a public document and is on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the internet at <http://www.trade.gov/ia/>. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

#### Changes Since the *Preliminary Determination*

Based on our analysis of the comments received and our findings at verifications, we have made certain changes to the margin calculations for Hyundai and Hyosung. For a discussion of these changes, *see* Memoranda to the file, through Angelica Mendoza, Program Manager, from David Cordell and Brian Davis, International Trade Analysts,

entitled “Analysis of Data Submitted by Hyundai Heavy Industries (HHI) and Hyundai Corporation, U.S.A. (collectively Hyundai) in the Final Determination of the Antidumping Duty Investigation of Large Power Transformers from the Republic of Korea” and, “Analysis of Data Submitted by Hyosung Corporation in the Final Determination of the Antidumping Duty Investigation of Large Power Transformers from the Republic of Korea,” dated July 2, 2012; *see also* Memoranda to Neal M. Halper, Director, Office of Accounting, through Michael P. Martin, Lead Accountant, entitled, “Cost of Production and Constructed Value Calculation Adjustments for the Final Determination - Hyundai Heavy Industries Co., Ltd. and Hyundai Corporation, USA” and “Cost of Production and Constructed Value Calculation Adjustments for the Final Determination - Hyosung Corporation,” both dated July 2, 2012.

#### Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of large power transformers from Korea which were entered, or withdrawn from warehouse, for consumption on or after February 16, 2012, the date of publication of the *Preliminary Determination*. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average margins, as indicated below, as follows: (1) the rates for Hyundai and Hyosung will be the rates we have determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 22.00 percent, as discussed in the “All Others Rate”

section, below. These suspension-of-liquidation instructions will remain in effect until further notice.

---

Manufacturer/Exporter (percent)	Weighted-Average Margin
------------------------------------	-------------------------

---

Hyundai Heavy Industries Co., Ltd.	14.95
Hyosung Corporation	29.04
All Others	22.00

---

#### All Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated all others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated excluding any zero or *de minimis* margins and any margins determined entirely under section 776 of the Act. Hyundai and Hyosung are the only respondents in this investigation for which we calculated company-specific rates that are not zero or *de minimis* or determined entirely under section 776 of the Act. Therefore, because there are only two relevant weighted-

average dumping margins for this final determination and because using a weighted-average calculation risks disclosure of business proprietary information of Hyundai and Hyosung, the “all others” rate is a simple-average of these two values, which is 22.00 percent. *See Seamless Refined Copper Pipe and Tube From Mexico: Final Determination of Sales at Less Than Fair Value*, 75 FR 60723, 60724 (October 1, 2010) (using a simple average to determine the “All Others” rate when there only two relevant weighted-average dumping margins because use of a weighted average risks disclosure of business proprietary information).<sup>3</sup>

#### Disclosure

We intend to disclose to parties in this proceeding the calculations performed within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

#### International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our final determination. As our final determination is affirmative and in accordance with section 735(b)(2) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that such injury does

---

<sup>3</sup> In the public version of its December 13, 2011, supplemental questionnaire responses at page SA-1, Hyosung provided ranged quantity and value of U.S. sales data, whereas in its January 13, 2012, supplemental questionnaire response at page SBC1, Hyundai provided indexed quantity and value U.S. sales data. Therefore, we were unable to perform the analysis articulated in *Ball Bearings and Parts Thereof From France, et al.: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53662-3 (September 1, 2010) in this investigation in determining the “all others rate.”

exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Order

This notice also serves as a final reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

---

Paul Piquado  
Assistant Secretary  
for Import Administration

July 2, 2012

---

Date



## Appendix I

### Issues and Decision Memorandum

#### **General**

Comment 1: Date of Sale

Comment 2: Facts Available

#### **Hyundai Heavy Industries Co., Ltd.-Specific Comments**

Comment 3: Home Market Gross Unit Price

Comment 4: U.S. Gross Unit Price

Comment 5: U.S. Selling Expenses: Commissions and U.S. Duty

Comment 6: CEP Offset

Comment 7: Inconsistent Allocation of Certain Selling Expenses

Comment 8: General and Administrative and Financial Expenses

Comment 9: Unshipped Sales

Comment 10: Normal Value versus Constructed Value

#### **Hyosung Corporation-Specific Comments**

Comment 11: Selling Expense Classifications

Comment 12: Gross Unit Price

Comment 13: The Understatement of U.S. Selling Expenses

Comment 14: The Use of Actual Data in Margin Calculation

Comment 15: General and Administrative and Indirect Selling Expense Ratios

Comment 16: Clerical Error